

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7241**

**BILL NUMBER:** HB 1315

**DATE PREPARED:** Feb 24, 2002

**BILL AMENDED:** Feb 21, 2002

**SUBJECT:** Local Bond Banks.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill authorizes charter schools to obtain financing through a local public improvement bond bank, for schools located in Marion County, or through the State Bond Bank, for schools located outside Marion County. It allows charter schools to receive advances from the Common School Fund.

**Effective Date:** (Amended) Upon Passage.

**Explanation of State Expenditures:** (Revised) The bill allows charter schools to receive an advance from the state Common School Fund. The advance could not exceed ten years, and the charter school would be charged 1% interest. Currently, there are four charter schools that are scheduled to open next fall. Two or three additional charter schools may be approved.

The impact on the state is the loss of interest. If the money is loaned to other public schools or invested by the state, it would earn a higher interest rate. If advances amount to about \$7 M and the state could have earned 5%, then the loss in interest revenue would be about \$280,000 annually.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) The bill would allow a charter school to be able to use the State Common School Fund, a local public improvement bond bank, or the State Bond Bank to help obtain financing. Bond banks are a body corporate and politic separate from the state or local city. The bill would provide additional short term funding sources for charter schools. The amount of financing charter schools might obtain is unknown.

**State Agencies Affected:** Treasurer, Department of Education.

**Local Agencies Affected:** Charter Schools, State Treasurer.

**Information Sources:**